

HOUSE BILL No. 1835

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-20.6.

Synopsis: Credit for certain homestead property taxes. Establishes, subject to approval by the county fiscal body, a credit for property taxes on a homestead in the amount by which the taxes exceed 2% of the assessed value of the homestead. Authorizes the county to borrow money to fund the credit, subject to repayment over not more than five years by the county and political subdivisions in the county.

Effective: Upon passage.

Ayres, Aguilera

January 25, 2005, read first time and referred to Committee on Ways and Means.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1835

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]:

4 **Chapter 20.6. Credit for Excessive Homestead Property Taxes**
5 **Sec. 1. As used in this chapter:**

6 (1) "homestead" has the meaning set forth in IC 6-1.1-20.9-1;
7 and

8 (2) "property tax liability" means liability for the tax imposed
9 on property under this article determined after application of
10 all credits and deductions under this article, except the credit
11 under this chapter, but does not include any interest or
12 penalty imposed under this article.

13 **Sec. 2. A county fiscal body:**

14 (1) may adopt an ordinance to authorize the application of the
15 credit under this chapter for one (1) or more calendar years
16 to homesteads in the county; and

17 (2) must adopt an ordinance under subdivision (1) before July

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1 of a calendar year to authorize the credit under this chapter for property taxes first due and payable in the immediately succeeding calendar year.

Sec. 3. If the credit under this chapter is authorized under section 2 of this chapter for property taxes first due and payable in a calendar year:

(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's homestead located in the county; and

(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the homestead for property taxes first due and payable in that calendar year.

Sec. 4. A person is not required to file an application for the credit under this chapter. The county auditor shall:

(1) identify homesteads in the county eligible for the deduction under this chapter; and

(2) apply the credit under this chapter to property tax liability on the identified homesteads.

Sec. 5. (a) The fiscal body of a county may adopt an ordinance to authorize the county fiscal officer to borrow money repayable over a term not to exceed five (5) years in an amount sufficient to compensate the political subdivisions located wholly or in part in the county for the reduction of property tax collections in a calendar year that results from the application of the credit under this chapter for that calendar year.

(b) The county fiscal officer shall distribute in a calendar year to each political subdivision located wholly or in part in the county loan proceeds under subsection (a) for that calendar year in the amount by which the property tax collections of the political subdivision in that calendar year are reduced as a result of the application of the credit under this chapter for that calendar year.

(c) If the county fiscal officer distributes money to political subdivisions under subsection (b), the political subdivisions that receive the distributions shall repay the loan under subsection (a) over the term of the loan. Each political subdivision that receives a distribution under subsection (b):

(1) shall:

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(A) appropriate for each year in which the loan is to be repaid an amount sufficient to pay the part of the principal and interest on the loan attributable to the distribution received by the political subdivision under subsection (b); and

(B) subject to subsection (d), raise revenue in each year in which the loan is to be repaid in the amount necessary to meet the appropriation under subdivision (1); and

(2) other than the county, shall transfer to the county fiscal officer money dedicated under this section to repayment of the loan in time to allow the county to meet the loan repayment schedule.

(d) A political subdivision that receives tax revenue under IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue must use that source of revenue for the purpose of subsection (c)(1)(B) before raising revenue from another source for that purpose.

(e) Property taxes imposed under subsection (c)(1)(B) are subject to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19.

(f) The obligation to:

(1) repay; or

(2) contribute to the repayment of;

the loan under subsection (a) is not a basis for a political subdivision to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

SECTION 2. [EFFECTIVE UPON PASSAGE] IC 6-1.1-20.6, as added by this act, applies only to property taxes first due and payable after December 31, 2005.

SECTION 3. An emergency is declared for this act.

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